

PIKITUP A3 PERFORMANCE IMPROVEMENT ACTION PLAN (PIAP) V1.

1. STRATEGIC THRUST

The priorities applicable for this report are Good Governance.

2. OBJECTIVE

The purpose of this report is to present the Pikitup Metro Trading Reforms (A3-PIAP) narrative, with specific reference to its alignment with and impact on the key performance indicators (KPIs).

3. BACKGROUND

Performance areas	Ref	Minimum conditions / performance indicators	Method of measuring allocations for			Weights	
			YEAR-1	YEAR 2	YEARS 3-6		
Accountability Performance Minimum commitments	M1	SPoMA Service Compact	binary	binary	binary		
	M2	SPoMA Appointment	binary	binary	binary		
	M3	SPoMA Organisational structure	binary	binary	binary		
	M4	SPoMA Delegations	binary	binary	binary		
	M5	Financial Model and Business & Investment Plan	binary	binary	binary		
	M6	Budget Support of Business & Investment Plan	binary	binary	binary		
	M7	Financial Transparency – separate AFS	binary	binary	binary		
	M8	Support for management of organisational change	binary	binary	binary		
Accountability Performance Performance Indicators	A1	Customer surveys	n.a.	binary	scalable	2	10
	A2	Financial Accounting – mSCOA compliance	n.a.	binary	scalable	2	
	A3	Public Procurement Transparency	n.a.	binary	scalable	2	
	A4	Capital Budget Execution	n.a.	binary	scalable	2	
	A5	Core Technical & Management Capacity	n.a.	binary	scalable	2	
Financial Performance Performance Indicators	F1	Financial Viability OCCR	n.a.	binary	scalable	5	30
	F2	Cash Collection rate	n.a.	binary	scalable	5	
	F3	Operational Cash Flow	n.a.	binary	scalable	5	
	F4	Customer Debt management – debtors days	n.a.	binary	scalable	5	
	F5	Infrastructure Capex	n.a.	binary	scalable	5	
	F6	Self-Financing ratio	n.a.	binary	scalable	5	



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Operational Performance Performance Indicators Solid Waste Management	S1	Service coverage - formal	n.a.	binary	scalable	5	60
	S2	Service coverage - informal	n.a.	binary	scalable	5	
	S3	Service reliability	n.a.	binary	scalable	5	
	S4	Functional weighbridge infrastructure	n.a.	binary	scalable	15	
	S5	Waste minimisation	n.a.	binary	scalable	15	
	S6	Environmental compliance	n.a.	binary	scalable	5	
	S7	Climate change mitigation	n.a.	binary	scalable	5	
	S8	Landfill airspace monitoring	n.a.	binary	scalable	5	



4. KEY PERFROMAMANCE INDICATORS

4.1 ACCOUNTABILITY PERFORMANCE

SUMMARY:

This set of indicators places strong emphasis on ensuring that the necessary foundational conditions for trading services reform are established prior to the allocation of significant funding. These conditions include robust institutional and accountability arrangements, sound business and investment planning, and adequate management and change management capacity.

Currently, Pikitup, as an entity of the City, has some provisions that meet the minimum required standards. However, the existing shareholder compact constrains the entity's ability to operate fully as a business, as it limits decision-making authority to the Managing Director and the Board of Directors, which affects the SPoMA. A comprehensive review of the existing governance frameworks, budget allocations, and the introduction of a robust financial model is therefore critical. Furthermore, institutional capacity and effective change management processes will be key determinants of the successful implementation of all indicators and the overall turnaround of the entity.

#	KPI	STATUS QUO	METRO AMBITION	NARRATIVE
M1	SPoMA Service Compact	Group SDAs and Shareholder compacts have already been established. Reviewing of service compacts and agreements is underway to be aligned with Metro Trading Services Guidelines.	Establish a city-wide, standardised and enforceable suite of SDAs, SLAs, and SLSs that define clear roles, obligations, and service levels.	Alignment of Service Delivery Agreements (SDAs): Clarify roles between COJ and PIKITUP, assigning full responsibility for the business value chain to the Entity. Governance Integration: Include asset management and develop a core service delivery mandate matrix for the SDA. Standardization and Monitoring: Establish standardized SLAs and implement monitoring mechanisms. Framework Development: Create the COJ Service Level Standards (SLS) framework and standard operating procedures.

				Review of MOIs: Align with SDAs and strengthen accountability and reporting measures in the Shareholder Compact for Boards and Shareholders.
M2	SPoMA Appointment	Appointed Managing Director. Job Profile and employment contracts are in place.	Aligning job profile with other entities and the Metro Trading Services Reforms Guidelines.	There is an appointed Managing Director reporting to the Board of Directors and Council. The existing job profile will be reviewed as per the GN3. Action plan to ensure alignment will be in place.
M3	SPoMA Organizational Structure	An approved Organizational Structure and Job Profiles are in place.	Updated Organizational Structure and Job Profiles that meet the Metro Trading Services Reforms Guidelines.	The review of the organizational structure will focus on key areas to align operational activities. It will also identify areas that need enhancement to effectively implement the 7-box model framework. The alignment of operational activities will lead to a more cohesive, agile, and efficient organization, ultimately leading to better performance and competitive advantage.
M4	SPoMA Delegations	Delegations of Authority (DOA) for Trading entities are in place as well as DOA for core and group functions.	Delegation of operational, financial, and managerial authority to utilities. To create a streamlined and standardized DOA framework.	To ensure that all responsibilities and functions related to operational and financial management, as well as the overall management of the Trading Service, are fully integrated into the Trading Service SPoMA, it is necessary for the City Manager to delegate all shared service responsibilities to the SPoMA. This delegation will empower the SPoMA to effectively execute these services, allowing the Trading Service to function as a cohesive business unit. Delegating responsibilities will lead to improved

				efficiency, accountability, and strategic alignment, ultimately driving better organizational performance.
M5	Financial Model and Business & Investment Plan	Business and Investment Plan V1 has been approved by Council and submitted to National Treasury. No Financial Model in place	To have a SWM Financial Model in place and have the B&I plans approved and supported through the budgeting process.	Financial Model for Solid Waste Management will serve as a tool to guide strategic financial and business decisions aimed at improving performance and facilitating business turnaround. It will also help identify and prioritize investments that support these turnaround and performance enhancement efforts
M6	Budget Support of Business & Investment Plan	Pikitup is part of the Budgeting Process of the City as legislated	Approved Business and Investment Plans that are supported by the budget	The current Medium-Term Revenue and Expenditure Framework (MTREF) has accounted for the Business and Investment plans. However, given the previous underinvestment in the sector, it is essential to review these budget allocations to ensure they adequately meet current needs and future growth opportunities.
M7	Financial Transparency – separate AFS	Pikitup developed its AFS.	Maintain the Status quo.	The Annual Financial Statement is a crucial tool for engaging stakeholders by promoting transparency, building trust, and facilitating informed decision-making. This engagement is essential for fostering strong relationships and ensuring long-term business success. It is vital for Pikitup to maintain this status quo. Explore the inflows and balances as required by Metro Trading Reforms.
M8	Support for management of organisational change	Pikitup has a Change Management Strategy. Lack of digital systems to support HR.	To be efficient and effective as an organization with updated Change Management Strategy and Automated Systems to enhance Operations.	Reviewing and Implementing the Change Management Strategy can foster a comprehensive and effective stakeholder management, ensuring that employees are engaged, informed, and equipped to navigate the changes successfully. This will ensure a smoother transition and greater overall success.

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4.2 ACCOUNTABILITY PERFORMANCE

SUMMARY

As a customer-oriented entity, effective stakeholder engagement is critical. mSCOA compliance is centrally managed, while transparency in supply chain processes remains essential to ensure efficient service delivery and infrastructure development. However, the lack of integrated and digitised reporting systems, together with insufficient critical skills to capacitate key business areas, continues to pose a significant operational and governance challenge.

#	KPI	STATUS QUO	METRO AMBITION	NARRATIVE
A1	Customer surveys	Pikitup currently relies on the City of Johannesburg's Household Satisfaction(Life Style) Survey which measures overall service delivery city-wide. The latest city-wide customer satisfaction score is 61%	To improve the city-wide customer satisfaction score to 90% by 2031 Pikitup intends to establish a standardized, repeatable customer satisfaction survey to measure its service delivery at an entity & operational level.	Pikitup's goal is to introduce a standardised customer satisfaction survey focused specifically on waste management services, including refuse collection and key programmes. The survey will target households and other stakeholders and will measure key service areas such as collection reliability, cleanliness, response to complaints and communication. Survey results will be reported to the Shareholder, Board and National

#	KPI	STATUS QUO	METRO AMBITION	NARRATIVE
				Treasury as part of performance monitoring and accountability processes. Over time, this reform will strengthen transparency, customer focus and performance accountability within Pikitup.
A2	Financial Accounting - mSCoA compliance	This function is performed at the level of the shareholder		
A3	Public procurement transparency	Pikitup has an Approved Supply Chain Management Policy. Bid Committees are constituted and active.	Integration of SCM systems and fully automation of SCM processes to provide real-time tracking of procurement activities,	Bid documentation issued by the Entity includes clearly defined bid conditions, terms of reference, and mandatory declarations of interest. These documents are structured to ensure compliance with the

#	KPI	STATUS QUO	METRO AMBITION	NARRATIVE
		No SCM integrated System in place.	automated audit trails, and digital reporting to ensure compliance, thereby enhancing transparency, accountability, and the ability to monitor adherence at every stage of the process.	Municipal Finance Management Act (MFMA) and Pikitup's approved Supply Chain Management (SCM) policies. In addition, Pikitup has established documented processes through which suppliers may lodge complaints regarding alleged procurement irregularities, including the use of an Anti-Fraud reporting hotline. These mechanisms are designed to strengthen oversight and enhance governance within the Entity's procurement environment.
A4	Capital Budget Execution	Project Management Framework in Place. No Integrated Infrastructure Development Master Plan Inadequate Capacity of the PMO	Professionalise the Project Management Environment. Capacitation of the PMO	Emerging Regulations: Increasing regulatory requirements for landfills and waste management have not been met, risking non-compliance penalties. Inadequate Capital Execution Systems: The existing systems are not equipped to handle the

#	KPI	STATUS QUO	METRO AMBITION	NARRATIVE
				complexity and urgency of current projects. Skills Shortages: A lack of specialized skills and expertise has hindered the organization's ability to manage larger, complex and compliance-sensitive projects.
A5	Core technical & management capacity	Pikitup has 35 prioritized key Positions that will ensure the turning around of the business. These are mainly in the Technical, Project Management and ICT areas	To reduce the capacity gap in Critical Business Areas.	Capacitating key areas identified in the 7-box model framework is crucial for the successful turnaround of the business. Filling vacancies strategically will enhance capabilities, improve operational effectiveness, and foster a culture of growth and resilience. A phased in approach will be adopted over 2yrs

4.3 FINANCIAL PERFORMANCE INDICATOR

SUMMARY

Low revenue collection and high operating costs threaten financial sustainability, resulting in cash flow constraints, service delivery disruptions, and an inability to invest in critical infrastructure. Implementing targeted interventions—such as reviewing the operational budgeting model, optimising the fleet model, improving operational efficiencies, strengthening revenue collection, and ring-fencing commercial services—will improve financial sustainability and enable reinvestment into the business.

#	KPI	STATUS QUO	METRO AMBITION	NARRATIVE
F1	Financial viability OCCR	Currently the Financial viability rate is at 1:1. Based on the current performance, the financial viability is below the benchmark. The entity reported a deficit for the 2024/25 financial year.	The Metro's ambition is for Solid Waste to be at a 1.5:2 benchmark.	1. Balanced Budget Principle The entity operates without planning for a surplus, focusing only on covering expenses. This approach limits financial flexibility and the ability to invest in infrastructure or improvements. 2. Tariff Structure Tariffs are not currently cost-reflective, meaning they do not fully cover the costs of services provided. When tariffs become cost-reflective, the entity can increase its revenue ratio to align with National Treasury benchmarks.



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				3. Subsidy Dependency The entity relies on a subsidy that constitutes 29% of its total revenue. This subsidy supports non-income generating services, including: Clearing of Illegal Dumping (primary focus) Street Cleaning (73% covered) Servicing Garden Sites Waste Minimization Expenses Cost to Clear Waste from Informal Settlements
F2	Cash collection rate	Cash collection rate for the 2024/25 financial year is at 75%	To achieve cash collection rate of 85%.	The entity is seeking to increase its cash collection rate. In line with Trading Services Reforms Guidelines (SPoMA), the billing function has been decentralised to the municipal entities. The ring-fencing of Commercial Services, specifically in relation to billing, collections, and revenue management, is expected to improve overall cash collection performance. With the proposed interventions, the Commercial Services business is projected to increase revenue by approximately 5 per cent while achieving a corresponding reduction in expenditure. Collectively, these measures are expected to enable the business to reach a break-even position.



F3	Operational cash flow	With the current model of a balanced budget principle the entity does not balance for a surplus.	The aim is to reinvest 22% of operational costs back into the business.	Income less expenses amounts to zero. This creates little opportunity to surplus cash to be invested in the business.
F4	Customer debt management - debtors' days	The city is responsible for debt collection. The current debtor's days are 151 days.	The aim is to reduce the debtors' days to 60 days.	Revenue collection initiatives implemented by the City will play a critical role in strengthening customer debt management and improving overall revenue performance
F5	Infrastructure spending (capex)	The entity has been experiencing under-investment over the past years. In 2024/25 FY USDG was allocated resulted in Capex budget of R225m In 2025/26 approved Capex budget is R309m	Development of a Financial Model that will ensure a more strategic and sustainable approach to capital expenditure (CAPEX) budgeting.	The capital expenditure (CAPEX) programme is driven by several strategic and operational imperatives, including the depletion of available landfill airspace; the introduction of Alternative Waste Treatment Technologies (AWTT); the decentralisation of waste disposal sites; the upgrading of garden sites into Integrated Waste Management Facilities (IWMFs); investment in fleet assets that respond to both current and future operational requirements; and the advancement of digitalisation initiatives. In addition, the CAPEX programme seeks to address historical infrastructure backlogs that have contributed to non-compliance at certain landfill facilities. Long-term budget constraints have led to inadequate funding for essential infrastructure upgrades.
F6	Self-financing ratio	Capex is currently funded from Loans and USDG.	The aim is to be at a self-financing ratio of 200%	The entity currently relies on grant funding and loan financing to fund its capital programme. Transitioning from this funding model to the desired state of increased self-financing presents a significant challenge.



4.4 OPERATIONAL PERFORMANCE INDICATOR

SUMMARY

Pikitup is mandated to provide waste management and refuse removal services to the residents of the City of Johannesburg. Rapid population growth, coupled with inadequate enforcement of municipal by-laws, has presented significant service delivery challenges. These challenges have resulted in escalating and increasingly unaffordable service delivery demands, high volumes of waste disposed of at landfill sites, and persistently low revenue collection rates. In addition, an unbalanced and ageing fleet model has further constrained operational efficiency.

In response, there is a critical need to intensify waste minimisation initiatives, supported by strengthened environmental education, public awareness programmes, and enhanced stakeholder engagement. Ensuring environmental compliance and introducing a comprehensive climate change action plan are key strategic priorities. Furthermore, the adoption of digital solutions and the deployment of fit-for-purpose equipment are essential to improve operational efficiency, financial sustainability, and long-term service delivery outcomes.

#	KPI	STATUS QUO	METRO AMBITION	NARRATIVE
S1	Service coverage - formal	a) Provision of waste collection service to ALL formal households (968 488) once a week.	a) To maintain 100% waste collection service delivery across all formal coverage areas.	Pikitup will optimise fit-for-purpose resources and review its waste service delivery model to ensure 100 per cent waste collection coverage, improved productivity, and operational efficiency in response to increasingly complex waste streams.

S2	Service coverage - informal	a) Provision of waste management services to ALL informal settlements known once a week.	a) To maintain 100% waste collection service delivery across known informal Settlements b) To Transform informal Settlements into safe and clean livable areas	Pikitup provides weekly waste management services, including refuse collection, illegal dumping clearance, litter picking, skip bin services, and bulky waste removal. Rapid population growth, informal settlements, and increased urban densification have led to higher waste volumes and persistent illegal dumping, placing significant pressure on operations. To address these challenges, Pikitup has implemented targeted cleanliness initiatives, strengthened interdepartmental partnerships, revised shift systems for continuous cleaning, expanded the use of strategic skip bins, increased cleaning capacity, and enhanced community education and enforcement support to promote compliance and maintain a clean urban environment.
S3	Service reliability	a) Provision of refuse collection service at least once a week to all formal and informal areas. 99% for Formal Households and 99% for known	a) To Achieve 100% waste collection service delivery across all formal and known informal settlements coverage areas.	Service reliability can be restored through fleet stabilisation, route optimisation, strengthened operational accountability, building workforce capacity through training and incentives, enhancing community engagement and communication, and reinforcing governance with data-driven oversight and leadership focus. These measures will improve service reliability, reduce missed collections, restore public confidence, and ensure

		Informal Settlements.		refuse collection supports a clean and healthy urban environment.
S4	Functional weighbridge infrastructure	a) In adequate weighbridge infrastructure. We have four (4) weighbridges. Three working manually and one (1) is automated.	a) To have fully four (4) automated functional, reliable and optimal weighbridge system for operational efficiency, waste tracking and data collection, accurate waste measurement and regulatory compliance. b) Require additional weighbridges in our IWMF.	Improve the reliability and integrity of waste management weighbridge infrastructure through targeted upgrades, maintenance, implementation of calibration programmes, digitisation of weighing systems, integration with billing and reporting platforms, enhanced access control and monitoring to prevent revenue leakage, improved power and connectivity resilience, and strengthened operational oversight to ensure accurate data, regulatory compliance, and sustainable revenue recovery.
S5	Waste minimisation	The waste minimisation strategy of 2014 is currently in place. The S@S model was developed and implemented in 2009 and has been rolled out to 268 areas. Environmental education and awareness programmes are	Updated Waste Minimisation Strategy. Update and modernise the S@S model to align with the City of Johannesburg's current waste management needs. Expansion and Enhancement of	Key Challenges • An outdated Waste Minimisation Strategy (last reviewed in 2014). • Limited S@S infrastructure, sorting facilities, and buy-back centres. • Low green waste diversion due to insufficient chipping equipment. • Inadequate education, awareness, and stakeholder management capacity. • Limited enforcement of S@S across the City. • High dependency of cooperatives on Pikitup for logistics and operational support.

		implemented across COJ communities. Steady registration of waste pickers at landfill sites is being maintained. Continuous stakeholder engagement. Current waste Diversions 20% from landfills.	S@S programme reach 700 areas. Strengthening of Stakeholder engagement with various partners such as PROs (EPR), Cooperatives, etc Support waste pickers with dedicated sorting areas and provision of PPE, promoting integration and compliance with waste picker guidelines. Intensify education and awareness through Community Engagement and Monitoring. To increase Waste Diversion to 70% from landfills by 2035 and zero waste to landfill by 2040.	Strategic Interventions • Conduct a Waste Minimisation Study to define an updated S@S operating model, facility requirements, and technology needs. • Review and enhance the Waste Minimisation Strategy to align with current legislation, EPR regulations, and city growth trends. • Expand S@S infrastructure, including additional sorting facilities, buy-back centres, and green waste chipping capacity. • Strengthen waste picker integration in line with national guidelines. • Capacitate the Community and Stakeholder Management function to drive behavioural change and community participation. • Introduce incentive-based recycling programmes tailored to different socio-economic groups, in partnership with PROs through the EPR program. • Empower cooperatives through skills development, access to finance, market linkages, and commercialisation support. Expected Outcomes • Increased diversion of waste from landfill and extended landfill lifespan. • Improved compliance with National Treasury and EPR reporting requirements. • Strengthened recycling economy and job creation to improve Circular Economy. • Reduced illegal dumping and improved environmental outcomes.
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				Enhanced financial and operational sustainability of waste minimisation initiatives Implementation of these interventions will strengthen Pikitup's waste diversion performance, support the City of Johannesburg's environmental objectives, and ensure long-term sustainability of waste management services.
S6	Environmental compliance	Landfill compliance: Landfill compliance with environmental NEMWA permit conditions, as assessed during the 2024/25 External Audit, is currently at 66%.	To achieve 95% compliance with environmental NEMWA landfill permit conditions.	Annual compliance audits are conducted at landfill sites and have identified non-compliance issues relating to security, groundwater contamination, and operational practices. Currently, approximately 60% of capital expenditure is allocated to addressing infrastructure-related non-compliance in order to ensure regulatory compliance and mitigate environmental risks.
S7	Climate change mitigation	Existing Landfill gas-to-energy plants are operational at three landfill sites with accumulative yield of 7,5 MW.	To increase Landfill gas-to-energy yield to 13 MW.	Methane is captured and utilized to reduce greenhouse gas emissions; however, high volumes of organic waste continue to place significant pressure on landfill gas management systems.

S8	Landfill airspace monitoring	Four (4) Active landfill sites and two (2) are fully operational. Available landfill airspace is limited to six (6) months. Landfill sites Compliance audit and Topographic Survey are taking place annually	Increase the land air space availability to 35 years. To achieve 95% compliance with environmental Updated landfill Master Plan to respond to the current challenges.	The City of Johannesburg owns six landfill sites operated by Pikitup under approved Waste Management Licences. As at September–December 2025, four landfill sites have reached airspace capacity, leaving only two sites available for general waste disposal, increasing operational and environmental risk. Landfill operations are regulated by permit conditions requiring daily compaction and covering to minimise odour, vectors, leachate generation, and environmental nuisance. Environmental monitoring and annual independent audits are conducted in line with licence requirements, covering water and air quality, airspace management, and operational controls. Current average compliance across all landfill sites is approximately 66%, with non-compliance largely driven by ageing and inadequate infrastructure, impacting operational efficiency. The capital expenditure programme addresses landfill airspace constraints through the repurposing of existing landfill land parcels and the acquisition of adjacent land for the development of new landfill cells.



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5 ESTIMATED COSTS OF THE INDICATORS

Financial Performance	2025/26(R'000)	2026/27(R'000)	2027/28(R'000)	2028/29(R'000)	2029/30(R'000)	2030/31 (R'000)	
PA Opex							
PA Capex							
PA Opex							
PA Capex							
Total Opex	-	10 000	10 000	10 000	10 000	10 000	
Total Capex	-	-	-	-	-	-	
Operational Performance	2025/26(R'000)	2026/27(R'000)	2027/28(R'000)	2028/29(R'000)	2029/30(R'000)	2030/31 (R'000)	
PA Opex							
PA Capex							
PA Opex							
PA Capex							
Total Opex	-	25 000	25 000	25 000	25 000	25 000	
Total Capex	-	414 587	489 923	1 593 586	1 978 134	1 297 816	
	2025/26(R'000)	2026/27(R'000)	2027/28(R'000)	2028/29(R'000)	2029/30(R'000)	2030/31 (R'000)	



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Operating costs	-	2 500	2 500	2 500	2 500	2 500	
Capital costs	-	41 459	48 992	79 679	98 907	64 891	
TOTAL PROGRAMME COSTS	-	493 546	576 415	1 710 765	2 114 541	1 400 207	